

Weekly Report – November 13, 2013

Budget Conference Committee

- Last week, the House and Senate Budget Conference Committee met for a second time.
- Senator Murray released an editorial in *The Washington Post* over the weekend calling for “closing a few wasteful loopholes” as part of the Budget Conference negotiations. Senator Murray acknowledges that “comprehensive” tax reform should be addressed as part of the bipartisan Baucus-Camp committee efforts.
- Republicans continue to argue for a measured agreement to make targeted and permanent reforms to mandatory programs. Conclusions should not be drawn until details of an agreement are released.
- Objectives from the House side include no tax hikes, net deficit reduction, and decreases in mandatory spending.



Congressman Woodall Roundtable with Maya MacGuineas

- Congressman Woodall and Maya MacGuineas of Fix the Debt and the Committee for a Responsible Federal Budget will host an off-the-record roundtable discussion on Monday, November 18th at 4:00 p.m. in LHOB 1628.
- Please join us for an open forum to discuss the budget conference, entitlement reform, and any budget related concerns that are important to RSC Members.
- All RSC Members are welcome. Please contact Nick Myers in Congressman Woodall’s office at x:6-2035 or nick.myers@mail.house.gov to RSVP.

CBO Releases Updated Volume of Budget Options

- CBO will release today at noon an updated Volume of Budget Options. CBO previously released the following:
- Choices for Deficit Reduction – November 2012 – <http://www.cbo.gov/publication/43692> - Comprehensive report of prior CBO analysis to reduce the deficit.
- Reducing the Deficit – March 2011 – <http://www.cbo.gov/publication/22043> - Evaluates spending and revenue options.
- Social Security Policy Options – July 2010 – <http://www.cbo.gov/publication/21547> - Scores options such as increases in the Social Security payroll tax, decreases in benefits, increases in the retirement age, and COLA adjustments.

The fiscal bargain America needs

By [Editorial Board](#), Published: October 19

THE [HOUSE-SENATE budget conference](#) led by House Budget Committee Chairman Paul Ryan (R-Wis.) and his Senate counterpart, Patty Murray (D-Wash.), has barely begun. Yet already the smart money in Washington is wagering on its failure. Given recent history, this is understandable.

Still, we'd like to place a small side bet on success — or at least explain how the conferees could prove the pundits wrong.

Current fiscal policy is unsustainable. Across-the-board spending cuts — the “sequester” — put a prolonged, indiscriminate squeeze on the defense budget and most domestic discretionary spending. But entitlements such as Medicare and Social Security remain untouched. Ten years from now, the U.S. government will be spending \$4 on entitlements for every dollar it spends on all other domestic functions, such as scientific research and law enforcement, [according to Congressional Budget Office data](#). Yet the federal debt would still be about 70 percent of gross domestic product and poised to climb. In short, the costs of an aging society would crowd out other vital national functions, while the country goes deeper into the red.

Recent statements by [mainstream GOP leaders](#) suggest that the party is chastened by its disastrous provocation of a government shutdown and is eager to recover its reputation for governance. If Republicans bargain responsibly — admittedly a big “if,” considering the propensity of GOP ultras for unreasonable demands — they have leverage in the form of sequester cuts, more painful to Democratic constituencies than to the GOP's, that would kick in if negotiations fail.

It all could add up to a deal in which Mr. Ryan gives relief on the sequester for domestic programs and Ms. Murray accepts entitlement reforms, including measures — such as a more accurate inflation adjustment — that President Obama has already, at least tentatively, embraced. Such a deal would place the budget on sounder long-term footing, both financially and in terms of spending priorities. It might also revive economic confidence and thus create jobs.

Mr. Ryan floated such a compromise in [a Wall Street Journal op-ed](#). The temptation for Democrats, as always, will be to insist on higher revenues — a non-starter with the GOP — in exchange for entitlement reform. We hope they won't. More tax money is part of the long-term fiscal fix. At the moment, however, what's vital is fixing spending priorities. Even over the long run, insufficient revenue is not the problem it was before the “fiscal cliff” deal that increased taxes on the well-to-do. The Congressional Budget Office calculates that federal revenue as a share of GDP will hit 18.5 percent by 2023, near the upper-end of the postwar range. Furthermore, some entitlement reforms — such as higher Medicare premiums for upper-income recipients — can be cast as either spending cuts or revenue increases, depending on your partisan needs.

Democrats should not think of entitlement reform as a “concession” to the GOP, no more than Republicans had a right to think of raising the debt ceiling as some sort of favor to Mr. Obama. Indeed, if anyone should be eager to secure Medicare and Social Security for the long term, it is the heirs of the party that created them. This is especially true when the alternative may be a federal government that's decreasingly capable of supporting progress in the many other areas of domestic policy where it is still needed.